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17 November 1959

MEMORANDUM FOR THE RECORD 25X1X6

SUBJECT: Debriefing of [REDACTED]

1. On the afternoon of 10 November 1959, the undersigned presided at a debriefing of [REDACTED] in the DCI conference room. Mr. Dulles was present for part of the debriefing.

25X1X6 2. [REDACTED] has recently returned from a tour of the USSR. He was with the group that accompanied Vice President Nixon.

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3. His general impressions were as follows:

25X1X6 a. Role of Unions. Unions played a more important role in the USSR than he previously thought. He noticed that plant managers seemed to pay a good deal of attention to them. [REDACTED] thought that one of the functions of unions in the USSR was to check on the efficiency of management.

b. Incentives. Incentives play a greater role in the USSR, not only in the compensation of management, but also in rewarding of employees. Workers pay could be increased up to 25 percent for increasing plant output, or even for selling more goods. This was in addition to other incentives, such as housing and vacation time preferences. Soviet factories were much more than production units, they were social and economic units as well. Medical care was generally available to everyone, seemed good to him. He also observed that the Soviet plan for gradual improvement in living standards seemed to be paying off.

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c. Plant Impressions. [REDACTED] was impressed by in-plant training. It is possible, and indeed happens, that plant managers work their way up through the ranks by merit, receiving specialized Institute training along the way. He noted that the term "engineers" did not seem to have the same meaning in the USSR as in the U.S. Engineers he met in Soviet soft goods plants had only one or two years training at an institute.

Plant technology in the soft goods industries was worse than he had expected to find. The general level was comparable with what was in the U.S. in the 1930's. The Soviet counterpart of U.S. hosiery nylon that [REDACTED] saw was, in his opinion, a very inferior product. Labor shortages seemed general.

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d. Retail Stores - GUM. He was very impressed with the daily volume of sales of the leading Moscow department store, GUM. It does 12 million rubles of business (\$1.2 million) every day, seven days a week. This is a higher volume than Macy's. In the United States, [REDACTED] says, we utilize our retail plant at less than 25 percent of capacity. The Soviets, on the other hand, utilize their retail facilities very intensively. This means that their people frequently stand in line, but Soviet retailers work on a 5 percent margin, compared to a 35 percent margin in the U.S. There are only four million people employed in retail trade in the USSR, compared with 11 million in the United States.

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e. Input-Output Techniques. Soviet planners discussed input-output methods as an aid to planning, but did not mention any specific plans for the adoption of this technique.

f. Productivity. Soviet planners claimed superiority over the U.S. in productivity in steel, machine tools and ship-building. [REDACTED] noted they did very well in the fine instruments field.

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g. Urban Planning. He was impressed with the efficient planning of new cities, such as Stalingrad. The workers were housed near the factories that employed them, and retail facilities were available on a neighborhood basis. This cut down the need for extensive transportation.

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4. In addition to the undersigned, the following persons attended the debriefing: 25X1A9a

ONE -
OCI -
ORR -

(D/M)

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(D/I)

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25X1C10b Visit of U.S. Economists to the USSR. [REDACTED]

[REDACTED] the U.S. economists who would be going to the USSR in reciprocity for the current visit of Soviet economists to the U.S., sponsored by the CED. He noted that Prof. T.W. Schultz (Chairman, Department of Economics, University of Chicago), and Mr. Herber Stein (Research Director, CED), would be among those going to the USSR.

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cc: Chief, D/A
Chief, D/I
Chief, D/S
Acting Chief, D/M
Chief, St/I

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